Plastech Industrial Systems Sdn Bhd v N & C Resources Sdn Bhd & Ors

HIGH COURT (KUALA LUMPUR) — SUIT NO D22(IP)-49 OF 2009
AZAHAR MOHAMED J
11 JUNE 2012

Copyright — Infringement — Whether there was infringement — Second to fourth defendants made plans to use first defendant as vehicle to compete with plaintiff whilst still working in plaintiff company — Whether plaintiff was owner of copyright over catalogues — Whether there was causal connection between copyright work and infringing work — Whether there was objective similarity between original and infringing works

Trade Marks — Passing off — Misrepresentation — Whether defendants had unlawfully taken plaintiff's proprietary information — Whether defendants had misrepresented and sought to pass off plaintiff's products as their own — Fiduciary duty — Breach of — Whether proven — Copyright Act 1987 s 3

The plaintiff was in the business of manufacturing plastic formwork products for the construction industry in Malaysia. The first defendant company, which was also in the business of producing plastic products, was in direct competition with the plaintiff's business. From about mid-2009, the second, third and fourth defendants left their employment with the plaintiff company to join the first defendant as directors. The second defendant was also the chief executive officer of the first defendant. It was the plaintiff's case that it had built a considerable reputation and goodwill for itself in the construction industry in Malaysia and that the second, third and fourth defendants had misused confidential information that they were privy to while working for the plaintiff to set up the first defendant company to compete against it. According to the plaintiff, the second to fourth defendants had unlawfully taken the plaintiff's proprietary information, such as its catalogues and photograph works as well as its technical information, and reproduced the same in their own catalogues and thereby sought to pass off products produced by the first defendant company as and for the plaintiff's products. The plaintiff thus commenced the present action against the defendants for copyright infringement under the Copyright Act 1987 ('the Act'), passing off, breach of fiduciary duty and conspiracy to defraud. By way of this action the plaintiff sought, inter alia, a permanent injunction to restrain the defendants from utilising the plaintiff's proprietary information, from passing off the plaintiff's products as their own, an order for

delivery of the catalogues, which infringed the plaintiff's copyright, and damages with interest and costs.

Held, allowing the claim with interest and costs:

(1) There was incontrovertible evidence that the second, third and fourth defendants each had access to the plaintiff's photographs and catalogues, which the plaintiff had expended sufficient efforts to make its own original works and which were thus protected under s 3 of the Act. Hence, there was a causal connection between the infringing works of the first defendant and the plaintiff's copyright works. After carrying out a comparison of the plaintiff's catalogue and the first defendant's catalogue, it was found that there were profound objective similarities between the two catalogues. As the defendants were unable to explain this similarity by independent evidence, an inference of copying could not be avoided. Thus, it was held that the defendants had infringed the plaintiff's copyright by distributing the catalogue, which contained the plaintiff's works (see paras 13–15).

(2) The unrebutted evidence of the plaintiff's witness established the distinctiveness of the plaintiff's products. In the present case, the misrepresentation committed by the first defendant would lie in its use of the plaintiff's catalogues, photographs and/or panels that were confusingly similar to the plaintiff's products. The first defendant reproduced and depicted the plaintiff's products and projects in its catalogues. This misrepresentation, in the opinion of the court, would be blatant as any prospective customer in receipt of the first defendant's catalogue would be misled into thinking that the products and projects shown therein were those of the first defendant. Further, by producing and selling panels that were confusingly similar to those produced by the plaintiff the first defendant had misrepresented and passed off its products as and for the plaintiff's. In this case, where the product of the plaintiff and the first defendant were in direct competition with one another, the court would infer likelihood of damage to the plaintiff's goodwill through the loss of sale. The plaintiff had thus established a case of passing off (see paras 17–18 & 20–22).

(3) The evidence disclosed that the second, third and fourth defendants and also their wives contacted each other and made plans to use the first defendant as a vehicle to compete with the plaintiff, even whilst the second, third and fourth defendants were still working in the plaintiff. In addition the second to fourth defendants had full access to the technical information of the plaintiff's formwork system, had been in possession of the plaintiff's list of clients, costs, prices and status and had misused these trade secrets to further their personal interests. Further, as the first defendant had no evidence of any research and development to develop

its products the irresistible conclusion was that the first defendant had illegally used the plaintiff's trade secrets and confidential information to develop and produce its panel. The plaintiff had established a case of taking and using the plaintiff's proprietary information and breach of duty of confidentiality on the part of all the defendants (see para 25).

(4) The evidence showed that the second, third and fourth defendants had abused their position by setting up the first defendant to directly compete with the plaintiff's business whilst working for the plaintiff. This evidence established that the second, third and fourth defendants had breached their fiduciary duty (see para 29(a)).

[Bahasa Malaysia summary

Plaintif menjalankan perniagaan mengeluarkan produk-produk acuan plastik untuk industri pembinaan di Malaysia. Syarikat defendan pertama, yang juga dalam perniagaan mengeluarkan produk plastik, bersaing secara langsung dengan perniagaan plaintif. Sejak kira-kira pertengahan tahun 2009, defendan kedua, ketiga dan keempat telah meninggalkan pekerjaan mereka dengan syarikat plaintif untuk menyertai defendan pertama sebagai pengarah-pengarah. Defendan kedua adalah juga ketua pegawai eksekutif defendan pertama. Adalah menjadi kes plaintif bahawa ia telah membina suatu reputasi dan nama baik untuk perniagaannya dalam industri pembinaan di Malaysia dan bahawa defendan kedua, ketiga dan keempat telah menyalahgunakan maklumat sulit yang mana mereka mempunyai akses ketika mereka berkerja untuk plaintif, untuk menggunakan syarikat defendan pertama untuk bersaing dengan plaintif. Menurut plaintif, defendan-defendan kedua hingga keempat telah secara salah mengambil maklumat proprietari plaintif, seperti katalog-katalog dan gambar-gambar kerja-kerja serta maklumat teknikal dan menerbitkan semula yang sama dalam katalog mereka sendiri dan dengan itu mengelirupaan keluaran yang dihasilkan oleh syarikat defendan pertama sebagai dan untuk produk plaintif. Oleh itu, plaintif memulakan tindakan ini terhadap defendan bagi pelanggaran hak cipta di bawah Akta Hakcipta 1987 ('Akta'), kelirupaan, pelanggaran tanggungjawab fidusiari dan konspirasi untuk menipu. Melalui tindakan ini plaintif memohon, antara lain, suatu injunksi kekal bagi menghalang defendan daripada menggunakan maklumat proprietari plaintif, daripada kelirupaan produk plaintif sebagai produk mereka sendiri, suatu perintah bagi penyampaian katalog, yang melanggar hak cipta plaintif, dan ganti rugi dengan faedah dan kos.

Diputuskan, membenarkan tuntutan dengan faedah dan kos:

(1) Terdapat bukti yang tidak dapat dipertikaikan bahawa defendan kedua, ketiga dan keempat masing-masing mempunyai akses kepada gambar-gambar dan katalog-katalog plaintif, yang mana plaintif telah berusaha keras untuk membuat kerja-kerja asalnya dan dilindungi di

bawah s 3 Akta. Oleh itu, terdapat penyebaban akibat antara kerja-kerja pelanggaran oleh defendan pertama dengan hak cipta kerja-kerja plaintif. Selepas menjalankan perbandingan katalog-katalog plaintif dengan katalog-katalog defendan pertama, didapati bahawa terdapat persamaan objektif yang mendalam antara kedua-dua katalog. Oleh kerana defendan tidak dapat menerangkan persamaan ini dengan keterangan bebas, inferens peniruan tidak dapat dielakkan. Oleh itu, diputuskan bahawa defendan telah melanggar hak cipta plaintif dengan mengedarkan katalog-katalog, yang mengandungi kerja-kerja plaintif (lihat perenggan 13–15).

(2) Bukti yang tidak dapat dipatahkan daripada saksi plaintif telah mewujudkan perbezaan produk plaintif. Dalam kes ini, salah nyata yang dilakukan oleh defendan pertama terletak dalam penggunaan katalog-katalog plaintif, gambar-gambar dan/atau panel yang secara mengelirukan sama dengan produk plaintif. Defendan pertama menerbitkan semula dan menggambarkan produk-produk dan projek-projek plaintif dalam katalog-katalog. Salah nyataan ini, pada pendapat mahkamah, adalah penipuan secara terang-terangan kerana mana-mana pelanggan yang bakal menerima katalog defendan pertama akan terperdaya untuk berfikir bahawa produk dan projek-projek yang ditunjukkan di dalamnya adalah milik defendan pertama. Di samping itu, dengan menghasilkan dan menjual panel yang mempunyai banyak persamaan dengan yang telah dihasilkan oleh plaintif, defendan pertama telah salah nyata dan mengelirupaan produk tersebut sebagai produk plaintif. Dalam kes ini, di mana produk plaintif dan defendan pertama bersaing secara langsung antara satu sama lain, mahkamah akan membuat kesimpulan kemungkinan kerosakan nama baik plaintif melalui kerugian jualannya. Oleh itu plaintif telah menubuhkan satu kes kelirupaan (lihat perenggan 17–18 & 20–22).

(3) Bukti-bukti mendedahkan bahawa defendan kedua, ketiga dan keempat dan juga isteri-isteri mereka telah menghubungi satu sama lain dan membuat perancangan untuk menggunakan defendan pertama sebagai medium untuk bersaing dengan plaintif, walaupun sesama defendan kedua, ketiga dan keempat masih bekerja dengan plaintif. Di samping itu, defendan-defendan kedua hingga keempat mempunyai akses penuh kepada maklumat teknikal sistem acuan plaintif, telah memiliki senarai pelanggan, kos, harga dan kedudukan plaintif dan telah menyalahgunakan rahsia perdagangan ini untuk melanjutkan kepentingan peribadi mereka. Seterusnya, oleh kerana defendan pertama tidak mempunyai sebarang bukti mengenai apa-apa penyelidikan dan pembangunan untuk membangunkan produk, kesimpulannya adalah bahawa defendan pertama telah menggunakan rahsia perdagangan dan maklumat sulit plaintif secara haram untuk membangunkan dan menghasilkan panel. Plaintif telah menubuhkan satu kes pengambilan

dan penggunaan maklumat proprietari plaintif dan pelanggaran kewajipan kerahsiaan ke atas kesemua defendan (lihat perenggan 25).

(4) Bukti-bukti menunjukkan bahawa defendan kedua, ketiga dan keempat telah menyalahgunakan kedudukan mereka dengan memerangkap defendan pertama untuk secara terus bersaing dengan perniagaan plaintif semasa bekerja untuk plaintif. Bukti ini menetapkan bahawa defendan kedua, ketiga dan keempat telah melanggar kewajipan fidusiari mereka (lihat perenggan 29(a)).]

Notes

For a case on whether there was infringement, see 3(2) *Mallal's Digest* (4th Ed, 2011 Reissue) para 6613.

For cases on misrepresentation, see 12 *Mallal's Digest* (4th Ed, 2011 Reissue) paras 2386–2389.

Cases referred to

Erven Warnick BV and others v J Townsend & Sons (Hull) Ltd and others [1979] 2 All ER 927, HL (refd)

Ladbroke (Football) Ltd v William Hill (Football) Ltd [1964] 1 All ER 465, HL (refd)

McCurry Restaurant (KL) Sdn Bhd v McDonalds Corporation [2009] 3 MLJ 774; [2009] 3 CLJ 540, CA (refd)

Megnaway Enterprise Sdn Bhd v Soon Lian Hock (sole proprietor of the firm Peformance Audio & Car Accessories Enterprise) [2009] 3 MLJ 525; [2009] 8 CLJ 588, HC (refd)

Meidi (M) Sdn Bhd v Meidi-ya Co Ltd, Japan & Anor [2008] 6 MLJ 433; [2008] 1 CLJ 46, CA (refd)

Microsoft Corp v Yong Wai Hong [2008] 3 MLJ 309, CA (refd)

Radion Trading Sdn Bhd v Sin Besteam Equipment Sdn Bhd & Ors [2010] 9 MLJ 648; [2010] 6 CLJ 334, HC (refd)

Reckitt & Colman Products Ltd v Borden Inc and others [1990] 1 All ER 873, HL (refd)

Rocks Records (M) Sdn Bhd v Audio One Entertainment Sdn Bhd [2005] 3 MLJ 552; [2005] 1 CLJ 200, HC (refd)

Schmidt Scientific Sdn Bhd v Ong Han Suan [1997] 5 MLJ 632, HC (refd)

Legislation referred to

Companies Act 1965 s 132(2)

Copyright Act 1987 ss 3, 13, 36(1), 37(2), 42

Justin Voon (Su Siew Ling, Alvin Lai and April Wong with him) (Sidek Teoh Wong & Dennis) for the plaintiff.

Rajindar Singh (Clinton Gomez with him) (Rajindar Singh Veriah & Co) for the defendants.

Azahar Mohamed J:

[1] This is an action brought by the plaintiff against the defendants for, inter alia, permanent injunction, an order for delivery up and damages.

[2] The plaintiff's claim is based on copyright infringement under the Copyright Act 1987 ('the 1987 Act'), passing off, unlawfully taking and using the plaintiff's proprietary information, breach of duty of confidentiality, breach of fiduciary duty and/or duty of fidelity by the defendants, conspiracy to defraud and breach of employment agreement by the third defendant.

[3] The plaintiff is a private limited company incorporated on 10 September 2002. The plaintiff is involved in the business of manufacturing and trading of high density polyethylene engineering construction ie direct and specific reference to plastic formwork products for the purpose of building construction. The plaintiff become active since April 2007 and became very successful in the sales and distribution of plastic formwork products in the construction industry with many clients and projects. As at end of 2009, the projects/clients of the plaintiff are worth more than RM57m. The formwork system developed by the plaintiff had became the basis and backbone to the plaintiff's business because it introduces to the construction industry in Malaysia the use of plastic moulds for formwork as compared to the conventional material of plywood or steel ordinarily used wherein these plastic moulds, inter alia, has lower costs, lighter and could be recycled more times than the said conventional mould made of plywood or steel.

[4] The first defendant is a private limited company incorporated on 15 January 2007. The first defendant, although incorporated on 15 January 2007, only became active after on/or about mid 2009, on/or about the time the second, third and fourth defendants left the plaintiff company and joined the first defendant.

[5] The second defendant is also known as 'Eddie Chuah'. He was the director of corporate and financial affairs of the plaintiff from on/or about July, 2007 until 13 May 2009. After leaving the plaintiff, the second defendant became the chief executive officer of the first defendant. The second defendant's wife is How Lee Fang who was a cheque signatory in the plaintiff and became a director of the first defendant company since 1 April 2009. How Lee Fang also became a shareholder of the first defendant.

[6] The third defendant is a former employee of the plaintiff who worked in the plaintiff's company from 3 June 2007–30 June 2009 where he held the

posts as the sales manager, country sales manager followed by the regional sales manager as his last posting. His duty and responsibility was to market the plaintiff's products. The third defendant joined the first defendant immediately after he left the plaintiff and he held the position of sales and marketing director in the first defendant. Later, the third defendant also became a director and also a shareholder of the first defendant.

[7] The fourth defendant is the former director of the plaintiff where he was appointed as the plaintiff's director on 15 January 2009 and he resigned as a director on 2 September 2009. The fourth defendant is also the owner and managing director of another company called Koaki Enterprise Sdn Bhd which was the contract manufacturer of the plaintiff's products including moulds, panels and accessories for the plaintiff's products. The fourth defendant's wife is Ong Mee Hua. Although Ong Mee Hua was a director and shareholder of the first defendant since 15 January 2007, she only become active from 2009 on/or about the time the second, third and fourth defendants joined the first defendant after leaving the plaintiff company from about mid 2009.

[8] I have read and reviewed in detail the testimonies of all the witnesses, the documentary and physical exhibits and the submissions of both sides. After much thought and deliberation, this is my judgment in respect of the issues which arise for decision.

COPYRIGHT INFRINGEMENT

[9] In my view, the plaintiff's catalogues and photographs (see pp 8–26 of CBD1) are artistic and literary works under s 3 of the Copyright Act 1987 ('the 1987 Act'). Photographs are expressly protected as artistic works under s 3 of the 1987 Act. The said photographs were taken in Malaysia in or around 2007 to 2009.

[10] The case of *Ladbroke (Football) Ltd v William Hill (Football) Ltd* [1964] 1 All ER 465 has explained the requisite effort that is required for copyright protection to arise. The plaintiff had expended sufficient efforts to make the catalogues and photographs works original in character.

[11] On the question whether the plaintiff is the owner of the copyright of the works at the material time, the plaintiff has made the statutory declarations dated 20 November 2009 to protect its copyright pursuant to s 42 of the 1987 Act (see pp 453–463 and 464–487 of CBD3). Copies of the photographs and catalogues are annexed in the respective statutory declarations. The legal effect of the plaintiff's statutory declarations is that it provides prima facie evidence of the fact of the plaintiff's ownership of the copyright over the works in question (see *Microsoft Corp v Yong Wai Hong* [2008] 3 MLJ 309 and *Rocks Records (M)*

Sdn Bhd v Audio One Entertainment Sdn Bhd [2005] 3 MLJ 552; [2005] 1 CLJ 200). The averments in the said statutory declarations have not been successfully challenged or rebutted by the defendants.

[12] Next, I move on to deal with the issue of infringement. The elements required for establishing copyright infringement are set out in s 13 and s 36(1) of the 1987 Act and the cases of *Megnaway Enterprise Sdn Bhd v Soon Lian Hock (sole proprietor of the firm Peformance Audio & Car Accessories Enterprise)* [2009] 3 MLJ 525; [2009] 8 CLJ 588 and *Radion Trading Sdn Bhd v Sin Besteam Equipment Sdn Bhd & Ors* [2010] 9 MLJ 648; [2010] 6 CLJ 334. In order to prove copyright infringement, generally the plaintiff must establish that: (i) there is sufficient objective similarity in both the original and infringing works and a substantial part thereof and (ii) there must be a causal connection between the copyright work and the infringing work. The first defendant's catalogue can be seen at pp 348–354 of CBD 2.

[13] There is incontrovertible evidence that the second defendant as a former independent consultant for the plaintiff, the third defendant as the plaintiff's former employee and the fourth defendant as the former director of the plaintiff each had access to the plaintiff's photographs and catalogues. Hence, there is causal connection between the infringing works of the first defendant and the plaintiff's copyright works.

[14] I have carried out a comparison between the plaintiff's catalogue and the first defendant's catalogue. In comparing, I observed and found profound similarities between the two catalogues. The first defendant's catalogue reproduced the plaintiff's photographs which also feature the plaintiff's projects. The first defendant's catalogue also contains the reproduction of some of the photographs and details of the plaintiff's catalogues. The defendants are unable to explain by independent evidence this overwhelming objective similarity. Given the substantial similarities between the plaintiff's works and the first defendant's catalogue, an inference of copying cannot be avoided.

[15] In my judgment, by distributing the first defendant catalogue, which contained the plaintiff's works, the defendants have infringed the plaintiff's copyright.

PASSING OFF

[16] The elements of passing off are: (i) goodwill and reputation of the plaintiff (ii) misrepresentation by the defendants in the course of trade (iii) damage or the likelihood of damage will arise as a result (see *Meidi (M) Sdn Bhd*

v Meidi-ya Co Ltd, Japan & Anor [2008] 6 MLJ 433; [2008] 1 CLJ 46 and *McCurry Restaurant (KL) Sdn Bhd v McDonalds Corporation* [2009] 3 MLJ 774; [2009] 3 CLJ 540).

[17] Generally, the law of passing off protects the goodwill of a product. The law of passing off is essentially concerned with the protection of the goodwill associated with a business. In the context of the present case, it cannot be disputed that the plaintiff is a reputable and well-known in its business of designing, producing, supplying, selling and/or installing the proprietary formwork system. The plaintiff has built considerable reputation and goodwill in the construction industry in Malaysia. In my view, the unrebutted evidence of PW1 proved that the plaintiff's products comprising the panels are of a distinctive 'look and feel'. PW1's evidence has established the distinctiveness of the plaintiff's products by demonstrating the differences between P7 (the Weida panel), P14 (the Fuvi panel) and P15 (the BHS panel) that were sold in the Malaysian market and that of the plaintiff's panels, P8 and P9. These features include the design of the 'waffle' boxes within the panel, the reinforced ribs of the panels, the width and thickness of the panels, the size and spacing of the holes on the sides of the panels and the self-draining system on the top end and sides of the panels.

[18] In a passing off action, the principle of law is that the misrepresentation by the defendant of his goods, as that of the plaintiff is an essential element of the tort (see *McCurry Restaurant (KL) Sdn Bhd v McDonalds* [2009] 3 MLJ 774, *Erven Warnick BV and others v J Townsend & Sons (Hull) Ltd and others* [1979] 2 All ER 927, and *Reckitt & Colman Products Ltd v Borden Inc and others* [1990] 1 All ER 873). In the present case, in my view, the misrepresentation committed by the first defendant lies in its use of the plaintiff's catalogues, photographs and/or panels that are confusingly similar to the plaintiff's products. The first defendant reproduced and depicted the plaintiff's products as well as projects in its catalogues. This misrepresentation was blatant as any prospective customer who was in receipt of the first defendant's catalogue would be misled into thinking that the products and projects depicted therein were that of the first defendants and that it had the requisite goodwill and experience which it does not have, being a new start up company.

[19] A comparison between the plaintiff's panel (exh P8) with the first defendant's panel (exh P10) shows similarities as follows: the shape, size of the 'waffle' squares as well as the ribs and reinforcement ring on the front of the panels, the diameter of the holes and the distance between the holes are similar such that the accessories, pin and wedge, could be used interchangeably on each party's panels, the interconnectivity of the panels, including with the plaintiff's new panel (exh P9) as a result of the similar shape, pattern and dimension of the panels, the interchangeable use of the plaintiff's and

defendant's pin and wedge accessories, the width and thickness of both the plaintiff's and the defendant's panels (53 mm for the P8 and 50 mm for P10) which are substantially similar such that when fixed together, they do not exceed 1.5 mm on each side of the panel which is the industrially accepted standard of tolerance. The back of the panels which show the same groove lines as a result of the plastic injection technology at that time, both the plaintiff's and the defendant's panels have the self-draining effect.

[20] The first defendant has therefore by producing and selling panels that are confusingly similar to the plaintiff misrepresented and passed off its products as and for the plaintiff. The testimony of PW3 established the evidence of confusion to the effect that the plaintiff's product and the first defendant's product are 90% the same and also that the products can be used 'interchangeably'.

[21] In this case, where the product of the plaintiff and the first defendant are in direct competition with one another, the court will infer likelihood of damage to the plaintiff's goodwill through the loss of sale.

[22] For all these reasons, in my judgment, the plaintiff has established a case of passing off.

TAKING AND USING THE PLAINTIFF'S PROPRIETARY INFORMATION AND BREACH OF DUTY OF CONFIDENTIALITY

[23] It is an established principle of law that list of customers/clients, costs, prices and status of on-going negotiations with customers/clients are trade secrets and confidential information (see *Schmidt Scientific Sdn Bhd v Ong Han Suan* [1997] 5 MLJ 632).

[24] The plaintiff's trade secrets and confidential information include the technical information, specification and know how relating to the 'formwork' system and its production, panels, construction accessories and the plaintiff's products, information comprised in drawings, moulds, specification and bills of materials for and in connection with the plaintiff's products, as well as information on the plaintiff's business such as financial affairs, cost, profit, quotation, trade channels, distribution and supplier network, customer information and data base, business strategy, pricing strategy and business plans.

[25] The evidence disclosed that the second, third and fourth defendants also their wives contacted each other and made plans to use the first defendant as a vehicle to compete with the plaintiff, even whilst the second, third and

fourth defendants were still working in the plaintiff. The second, third and fourth defendants while working in the plaintiff were sourcing for customers and/or suppliers and/or prospects for the purpose of the first defendant's business, and not for the plaintiff's interests. Being in the plaintiff's high management, the second, third and fourth defendants surely had full access to the technical and specifications of the plaintiff's formwork system, panels, accessories, pricing, costs and list of clients which are confidential information and/or trade secrets of the plaintiff. They had been in possession of the plaintiff's list of customers/clients, costs, prices and status of on-going negotiations and had misused these trade secrets and confidential information to source for contracts and materials from third parties to further their personal interests and for the benefit of the first defendant's business. The first defendant has no evidence of any research and development at all compared with the extensive research by the plaintiff to develop its products. The irresistible conclusion is that the first defendant had illegally used the plaintiff's trade secret and confidential information to develop and produce its panel, such as exh P10. It is impossible for the first defendant to produce such identical and/or similar designs with the plaintiff's panel or by modifying the designs of the plaintiff's products on its own.

[26] In my judgment, the plaintiff had established a case of taking and using the plaintiff's proprietary information and breach of duty of confidentiality on the part of all the defendants.

[27] Further on this point, pursuant to the terms of the contract of employment (see pp 243–246 of CBD 2), the third defendant, amongst other things, was under a duty not to disclose and make use the plaintiff's confidential information and documents. Clearly, the third defendant had breached the express terms of his contract of employment with the plaintiff.

BREACH OF FIDUCIARY/DUTIES/TRUST

[28] It is trite law that a director or officer has fiduciary duties and duty of care and skill and diligence towards the company. Section 132(2) of the Companies Act 1965, embodied these principles as follows:

> a director or officer of a company shall not, without a consent or rectification of a general meeting —
>
> (a) use the property of the company;
>
> (b) use any information acquired by virtue of the his position as a director or officer of the company;
>
> (c) use his position as such as a director or officer;

(d) use any opportunity of the company which he became aware of in the performance of his functions as a director or officers of his company; or

(e) engage in business which is in competition with his company; to gain directly or indirectly, a benefit for himself or for any other person, or cause detriment to the company.

[29] The following evidence, inter alia, established that the second, third and fourth defendants have breached their fiduciary duty:

(a) while still under the gainful employment of the plaintiff, they had used their time and position, property and resources of the plaintiff to deal with third parties in setting up the first defendant to directly compete with the plaintiff's business;

(b) they had acted against the plaintiff's interest by abusing their positions whilst still working for the plaintiff;

(c) they had also acted and/or attempted to divert the plaintiff's customers including potential customers to themselves whilst still working for the plaintiff;

(d) by substantially reproducing some of the photographs and details in the plaintiff's catalogue; and

(e) by their acts in aiding the tort passing off by the first defendant.

[30] In my view, this is a clear case of dishonest officers who had intentionally and knowingly deceived their employer to its detriment. I conclude by saying that there has been a breach of fiduciary duties and trust on the part of the second, third and fourth defendants.

CONSPIRACY TO DEFRAUD

[31] To make out a case of conspiracy, the plaintiff must establish (a) an agreement between the second, third and fourth defendants, (b) an agreement for the purpose of injuring the plaintiff, and (c) that acts done in execution of that agreement resulted in the damage to the plaintiff.

[32] Although it has been shown there has been a breach of fiduciary duties and trust on the part of the second, third and fourth defendants, I am unable to accept the contention of the plaintiff that all the particulars of fraud and conspiracy to defraud as set out in the statement of claim have been proven beyond reasonable doubt. For this reason, the plaintiff's tort of conspiracy

claim must fail.

CONCLUSION

[33] Therefore, to sum it up, based on all the previously mentioned reasons, I allow with costs the plaintiff's claim against the defendants (except the claim based tort of conspiracy). Hence, I allow the following prayers:

(a) Prayer 1(a) — to principally restrain the defendants from reproducing the plaintiff's photograph in *lampiran* 1 labeled 'A'– 'U' and infringe the copyright of the same;

(b) Prayer 1(b) — to principally restrain the defendants from distributing the defendants' catalogue in *lampiran* 2 which contain the plaintiff's photographs in *lampiran* 1 which show the plaintiff's projects and plaintiff's products;

(c) Prayer 1 (c) — to principally restrain the defendants from infringing the plaintiff's copyright in the plaintiff's catalogue in *lampiran* 3(a)–(c);

(d) Prayer 1(d) — to principally restrain the defendants from publishing or distributing the plaintiff's proprietary information in relation to the plaintiff's products in *lampiran* 4;

(e) Prayer 1(e) — to principally restrain the defendants from unlawfully utilising the plaintiff's proprietary information and/or utilising the plaintiff's products;

(f) Prayer 1(f) — to principally restrain the defendants from infringing their duty of good faith, fidelity and confidentiality;

(g) Prayer 1(g)–(h) — to principally restraint the defendants from passing off the products, services and/or projects of the plaintiff as their own;

(h) Prayer 1(1) — to principally restrain the defendants from canvassing the plaintiff's clients in *lampiran* 5 by utilising the plaintiff's proprietary information, the plaintiff's copyright and/or by passing off;

(i) Prayer 1(i) — to principally restrain the defendants from acting in concert or with other parties to do the other acts above; and

(j) Prayer 1(k) — to principally prevent the defendants from destroying any relevant evidence.

(k) Prayer (2) of the statement of claim for a mandatory injunction to demand the defendants to deliver up to the plaintiff:

(i) the offending catalogues which infringe the plaintiff's copyright and/or plaintiff's proprietary information;

A

(ii) all the moulds and products (ie exh 'P8' etc) which contain and/or is produced using the plaintiff's proprietary information;

(iii) the identity of all parties to whom the plaintiff has disclosed, used, communicated, distributed and/or published in any way the proprietary information of the plaintiff; and

B

(iv) the account of profits.

(l) Prayer (3) of the statement of claim is for an assessment of damages;

(m) Prayer (4) of the statement of claim is for additional damages pursuant to s 37(2) of the 1987 Act;

C

(n) Prayer (6) of the statement of claim is for interest; and

(o) Prayer (7) of the statement of claim is for costs.

D *Claim allowed with interest and costs.*

Reported by Kohila Nesan

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